



Iowa Retirement Investors' Club (RIC)



Supplemental Retirement Savings Plan



Controlling your future now!



Perspective



A large array of supplemental retirement

savings plans are available to investors today.

Each plan is designed to help the saver build an additional source of income at retirement.

401k

TSA

Roth IRA

IRA

403B

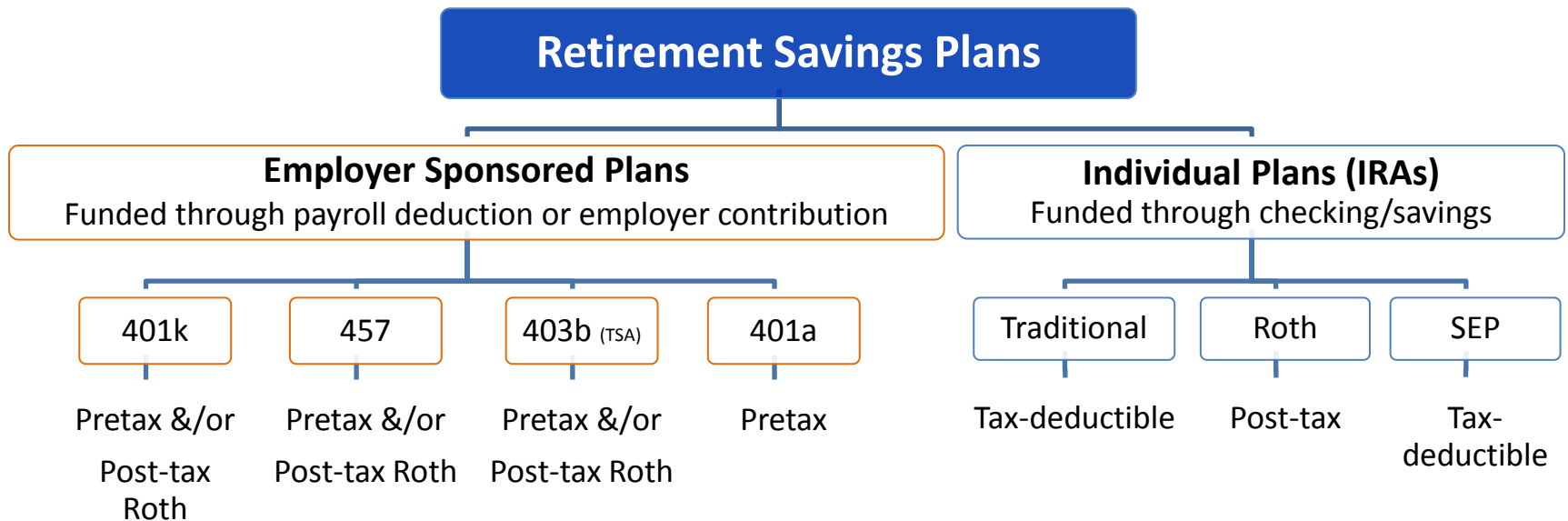
401a

457

Perspective



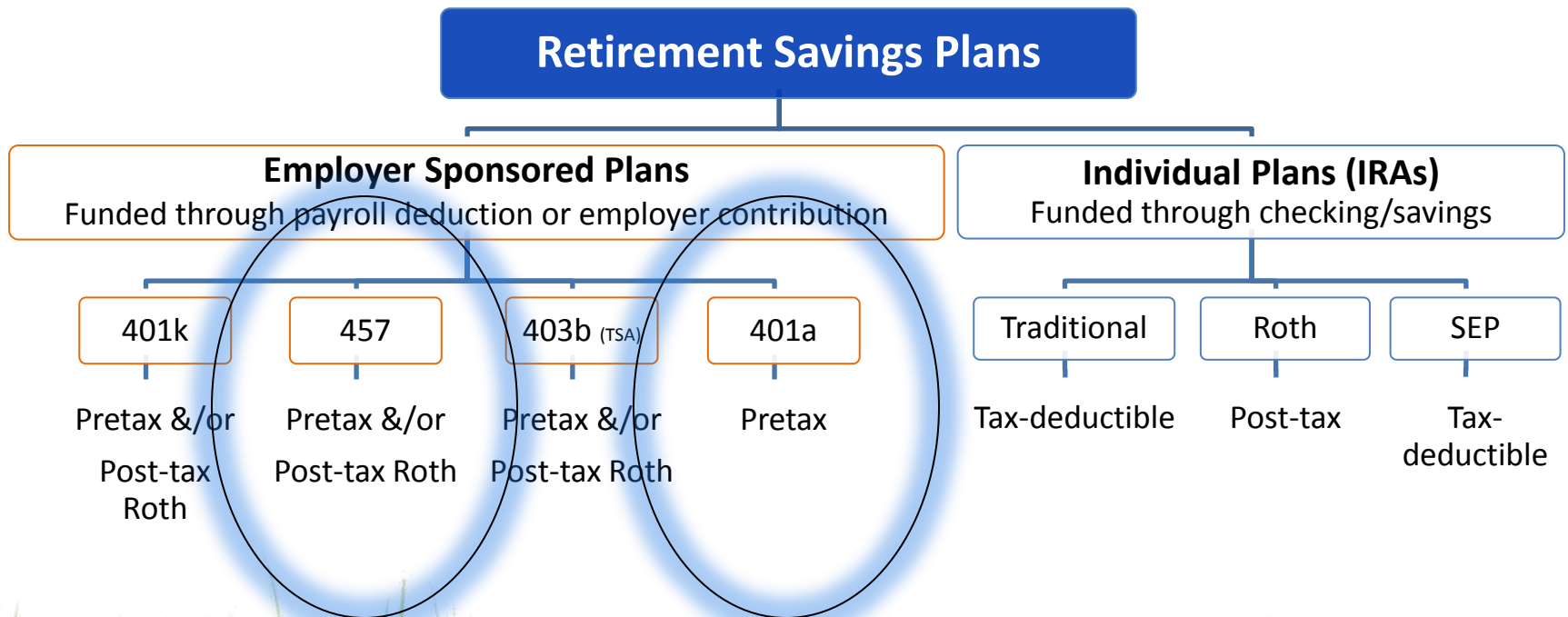
Although not exhaustive, the chart below illustrates various types of retirement savings plans, their funding source, and tax treatment.



Perspective



Public sector employees may contribute to their employer's 457 plan. RIC provides the 401a plan as a side plan for eligible roll-ins.



Importance



Your employer takes your retirement readiness seriously. They selected the Iowa Retirement Investors' Club (RIC) to provide an attractive retirement savings option benefit.

+



RIC providers offer low-cost, competitive investments/services now AND throughout retirement!

+



Your contributions go to work in your investment mix with no sales loads, hidden fees, or surrender penalties.

=



Your participation increases your chances of having sufficient retirement income when you get there. This part of your "nest egg" is critical for many reasons.

Importance

Sources of income in retirement



Retirement Income

Social Security

Full social security benefits may account for 40% of income replacement.

Personal Savings

Personal savings (RIC, IRAs, CDs, mutual funds, etc.) provides a safety net for income short-falls.

IPERS

Full IPERS benefits account for 60% of income replacement.

No COLA!



Importance

Think about this...

Supplemental retirement savings plans are



One part of your future you CAN control!



Importance

Future uncertainties we CAN'T control:

- Social Security income replacement
- Pension income replacement
- Healthcare costs
- Inflation
- Taxes
- Health
- Employment
- Death



We CAN control *how we prepare* to handle these things.

RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
- Changes/Distributions
- Enrollment



Contributions



Contributions (in the amount you choose) are automatically deducted from your paycheck and deposited into your selection of RIC investments in a 457 plan.

Deduction frequency:

- All paychecks (26)
- Option for final pay adjustment

Deductions may be changed or stopped at anytime.

Contributions (limits)



The total of all contributions (pretax and/or post-tax) made to the 457 account in a tax year must not exceed the IRS annual maximum limits.

IRS Annual Maximum Contribution Limits		2016
Regular	100% of compensation up to:	\$18,000
Age 50+	The regular limit + \$6,000:	\$24,000

Contributions (tax benefits)

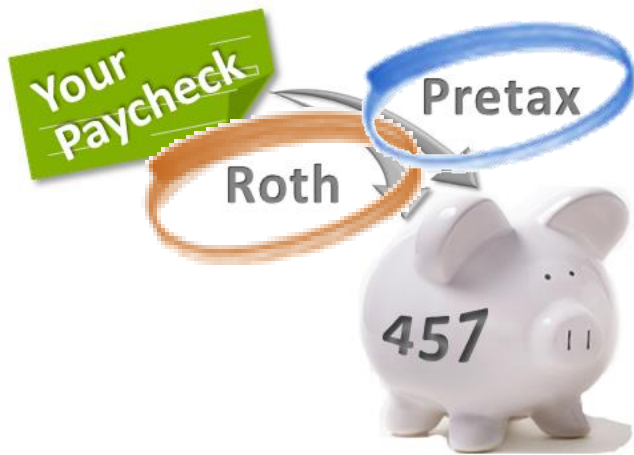
Tax advantages differ depending on the taxation of deductions.



You have the choice to have your payroll deductions taken on a pretax and/or post-tax Roth basis.

Contributions (tax benefits)

Tax advantages differ depending on the taxation of deductions.



	Pretax	Post-tax Roth
Tax treatment of <i>deductions</i>	No withholding	Regular income tax withholding
Tax benefit in year saved	Immediate-lower taxable income	None
Tax treatment of <i>earnings</i>	Tax-deferred until withdrawn as cash	Tax-free for qualified distributions
Consideration	Possibility of lower tax rate in retirement	Possibility of higher tax rate in retirement

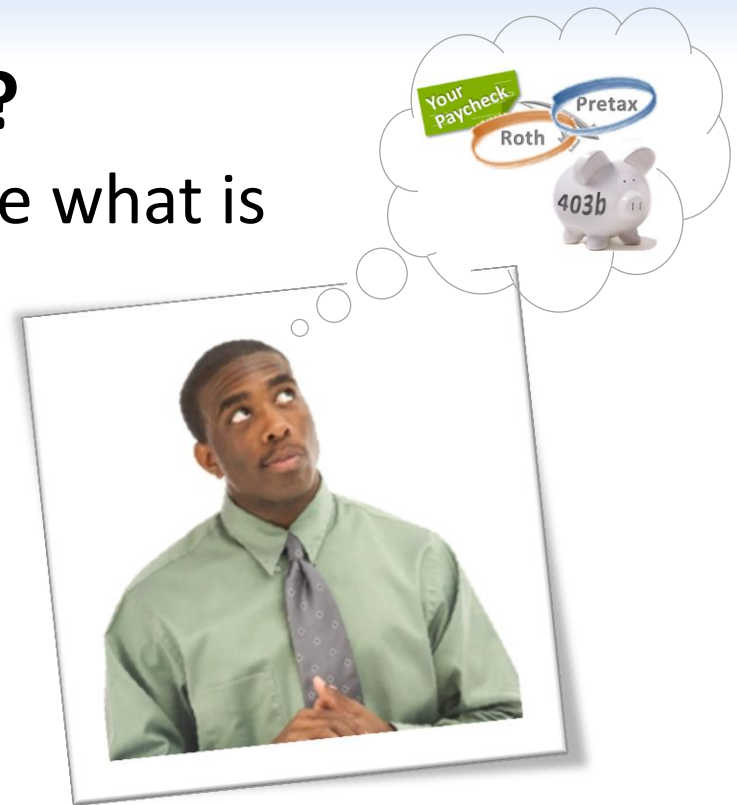
Contributions (tax benefits)

Which option is right for me?

A number of factors may influence what is right for you:



- Age/years to retirement
- Current tax rate/need for tax relief
- Projected tax rate at retirement
- Possibility of fewer tax deductions in retirement
- Projected earnings

Schedule a meeting with your financial advisor or tax professional if you have questions.



Contributions (tax benefits)

Roth 457 vs. Roth IRA

Type of Roth	Funding Source	Income Limits	Contribution Limits	RMD-70 ½
	Payroll only	None	\$18,000 \$24,000 \$36,000	Yes
	Checking, savings, etc.	Yes	\$5,500 \$6,500	No

Contributions (tax benefits)

Savers Tax Credit

You may be saying

“I can’t afford to save!”.

Consider the *Savers Tax Credit* designed to help lower income earners save for their own retirement.

You may be qualified to receive credit against taxes owed, up to \$1,000 if you do not exceed income limits.

Find out more on the [RIC website](#).



Roll-ins

Outside retirement plan assets may be rolled into and out of RIC at any time. This is a non-taxable transfer.

457 assets from
previous employers



Traditional/rollover IRA,
pretax 401k & 403b, etc.

Consider RIC benefits of penalty-free competitive fixed rate accounts, no-load/low-cost mutual funds, expert advisors, etc.

RIC participants enjoy control over

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Please note:

- Provider representatives are your best source of information about the investments being offered.
- RIC does not give investment advice.
- Examples used in this presentation are for illustrative purposes only.
- All investments involve some degree of risk; ask your advisor what risk is associated with the investments in your portfolio.



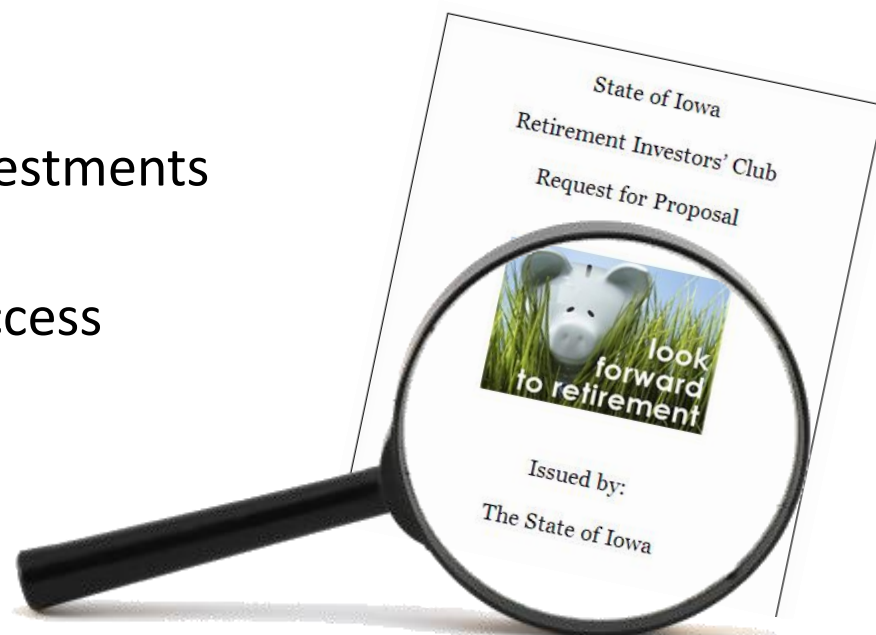
Investments

Selection process

A public competitive bid* determines which providers will offer investment products and services.

Required minimum standards:

- Diversified, competitive funds
- Restriction and penalty-free investments
- Flexible distribution options
- 24/7 internet/phone account access
- Investment planning tools
- And more at low cost



* At least every 6 years

Investments



Investment options must meet investment policy standards and annual review requirements. Each offers 2 basic types of investments.

Fixed Rate



- Declared rate-fixed period
- Guaranteed by provider
- Always liquid
- No market risk
- No restrictions/maturities
- No fees

Variable Rate



- “Mutual Funds”
- No guarantees
- Always liquid
- Degrees of market risk
- No restrictions/maturities
- Fund management fees

Total fee range (as of 3/2016)= .04% - 1.10%

Investments



- Fixed Rate
- Income
- Balanced
- Target Date

Fund Categories		MassMutual (800-528-9009)	
Safety	Fixed Rate	MassMutual GIA	
	Money Market		
Income	Core Bond	JPMorgan Core Plus Bd (R6)	JCBUX
		Vanguard Total Bd Mkt Index (Adm)	VBTLX
	Inflation Protect	PIMCO Real Return (Inst'l)	PRRIX
	High Yield	Eaton Vance Income Fd of Boston (R6)	EIBRX
	Foreign		
Balanced	Trad'l Balanced	Amer Fds Amer Balanced (R6)	RLBGX
	Target Date	BlackRock LifePath Index Retire (K)	LIRKX
		BlackRock LifePath Index 2020 (K)	LIMKX
		BlackRock LifePath Index 2025 (K)	LIBKX
		BlackRock LifePath Index 2030 (K)	LINKX
		BlackRock LifePath Index 2035 (K)	LUKX
		BlackRock LifePath Index 2040 (K)	LIKXK
		BlackRock LifePath Index 2045 (K)	LIHKX
		BlackRock LifePath Index 2050 (K)	LIPKX
		BlackRock LifePath Index 2055 (K)	LIVKX

Investments



- U.S. Stock
- International
- Sector
- SDBA

Domestic Equity	Large Value	MFS Val (R5)	MEIKX
	Large Blend	Hartford Capital Appreciation (R6)	ITHVX
		MM Select Harris Focused Val (Inst'l)	MPVZX
	Large Cap Index	Vanguard 500 Index (Adm)	VFIAX
		Vanguard FTSE Social Index (Inv)	VFTSX
	Large Growth	MassMut Select Blue Chip Gro (Inst'l)	MBCZX
	Mid Value	MFS Mid Cap Val (R5)	MVCKX
	Mid Cap Index	Vanguard Mid Cap Index (Adm)	VIMAX
	Mid Growth	JPMorgan Mid Cap Gro (R6)	JMGMX
	Small Value	Amer Century Sm Cap Val (R6)	ASVDX
	Small Cap Index	Vanguard Sm Cap Index (Adm)	VSMAX
International	Small Growth	MassMut Select Sm Cap Gro Eq (Inst'l)	MSGZX
	Foreign Stock	MFS® Int'l Value (R5)	MINJX
		Vanguard Total Int'l Stock Index (Adm)	VTIAX
	Emerging Mkts	Oppenheimer Developing Mkts (Inst'l)	ODVIX
Sector	World Stock		
	Real Estate	Vanguard REIT Index (Adm)	VGSLX
Total range of fees*		0.25% - 1.10%	
Self-Directed Brkg Account		Schwab PCRA (fees vary)	

Investments

How do I invest?

Your investment mix and potential for earnings largely depends on your:

- Risk tolerance
- Retirement goals
- Timeframe for investment

Everyone is different!



Investments



"I want online access to manage my funds without fees."

"I don't need an advisor; I pick my own investments."

"I want help from a local agent at no additional cost."

"I want to buy individual stocks and bonds."

"I want guaranteed rates, no market risk, fees, or restrictions."

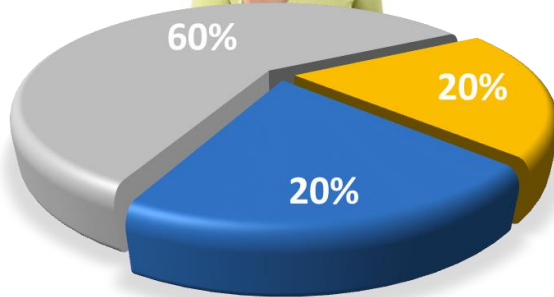
"I want aggressive growth funds at low cost."

"I want Vanguard and access to no-load funds."

Depending on the type of investor you are, your portfolio may look something like this...

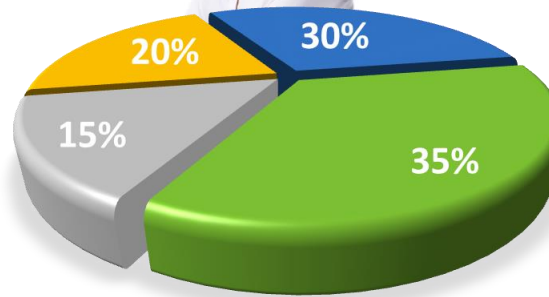
Investments (investor styles)

Conservative investor



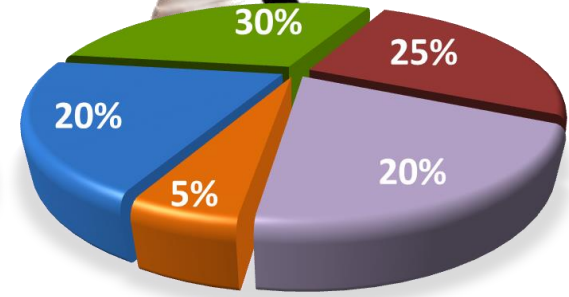
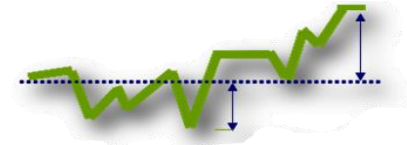
- Fixed Rate
- Fixed Income (short-term)
- Balanced Funds

Moderate investor



- Fixed Rate
- Fixed Income (intermediate-term)
- Balanced Funds
- Large Co Stock Funds

Aggressive investor

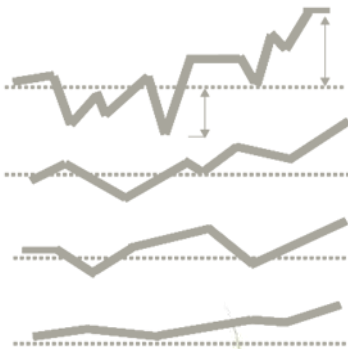


- Balanced Funds
- Stock Blend Funds
- Mid-Small Company Stock Funds
- International Funds
- Sector Funds

Investments

Ask questions. Provider representatives have investment knowledge that will help you make informed decisions at no extra cost!

What kind of *risk* am I taking?



Will this enhance my *nest egg*?



Money markets/savings
IRAs CDs
Savings bonds
Annuities/life insurance
Real Estate
Spouse's 401(k)
Stocks/bonds
Outside mutual funds

RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
- **Changes/Distributions**
- Enrollment



Changes

RIC 457/401a plans are very *flexible*!

- Payroll deduction amount
- Investment mix
- Direction of future contributions
- Address/name/beneficiary
- Investment advisor
- Distribution options at retirement



Changes

RIC 457/401a plans are very *flexible*!

- Payroll deduction amount
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**Submit to
payroll office**

Changes (payroll deductions)

Payroll deduction
change requests are
made by completing the
RIC Account Form and
submitting it to your
payroll office.

The form is available on
your plan's custom RIC
webpage.

		Iowa Retirement Investors' Club (RIC) 457/401a Plans Look forward to retirement!		Clear Lake Sanitary District RIC Account Form													
Personal Information		Name _____ Social Security # _____ Address _____ City _____ State _____ Zip _____ Birth Date _____ Telephone (daytime) _____ Telephone (home) _____															
457 Payroll Deduction		<p>Designate the deduction amount to send to your provider. The combined amount of all 457 contributions in a tax year is limited to the IRS annually declared maximum contribution limits.</p> <table border="1"><thead><tr><th></th><th>Pretax</th><th>Roth (post-tax)</th><th>Future effective date (if desired)</th></tr></thead><tbody><tr><td>MassMutual</td><td>\$ _____ /check</td><td>\$ _____ /check</td><td><input type="checkbox"/> Begin as of _____ (check date) <input type="checkbox"/> 1 check only _____ (check date) <input type="checkbox"/> Final check _____ (check date)</td></tr></tbody></table>							Pretax	Roth (post-tax)	Future effective date (if desired)	MassMutual	\$ _____ /check	\$ _____ /check	<input type="checkbox"/> Begin as of _____ (check date) <input type="checkbox"/> 1 check only _____ (check date) <input type="checkbox"/> Final check _____ (check date)		
	Pretax	Roth (post-tax)	Future effective date (if desired)														
MassMutual	\$ _____ /check	\$ _____ /check	<input type="checkbox"/> Begin as of _____ (check date) <input type="checkbox"/> 1 check only _____ (check date) <input type="checkbox"/> Final check _____ (check date)														
Participant Signature		<p>I authorize my employer to direct my contribution and make payroll deductions as indicated above. I understand and agree to the terms and conditions of the Iowa Retirement Investors' Club (RIC). I have access to a RIC At-A-Glance and Plan Document. I have established 457 and 401a accounts with one of the RIC providers. I understand that withdrawals may only be made upon termination of employment or qualification for an immediate distribution. I understand that the total of all 457 contributions made in the calendar year may not exceed the federal limits as required by the Internal Revenue Code section 457b.</p> <p>X _____ Participant Signature Date</p>															
Form Submission		<p>New Accounts: _____ Provider account forms: Forward to the provider RIC Account form: Forward to your payroll office</p> <p>Changes to Existing Accounts: _____ Forward this form to your payroll office (shown below)</p>															
<p>Agent Use Only (Not required for existing accounts or online provider enrollment, if available)</p> <p>I am authorized to open accounts for this employee and verify that he/she has established 457/401a accounts with the provider shown below.</p> <table border="1"><thead><tr><th>Print Agent Name</th><th>Agent Signature</th><th>Agent Phone Number</th><th>Provider Name</th><th>Date</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></tbody></table>								Print Agent Name	Agent Signature	Agent Phone Number	Provider Name	Date					
Print Agent Name	Agent Signature	Agent Phone Number	Provider Name	Date													
Payroll Office		Date Received: _____ Paycheck Effective Date: _____ Name: _____															
RIC Use Only		Date Pended: _____ Entered: _____ Checked: _____															
<p> Visit the RIC website at https://das.iowa.gov/RIC to access the RIC At-A-Glance (under Providers & Investments), IRS maximum contribution limits, and other plan options specific to the Iowa RIC 457/401a plans.</p>																	
CPN 552-0317-CLSD Created 02/24/2018		Clear Lake Sanitary District P.O. Box 282, Clear Lake, Iowa 50428 • (641) 357-2019 • Fax (641) 357-7612 Iowa Retirement Investors' Club (RIC) • 866-460-4692 (toll free) • https://das.iowa.gov/RIC															
																	

Changes

RIC 457/401a plans are very *flexible*!



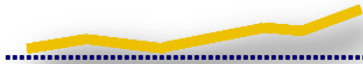
- Payroll deduction amount
- Investment mix
- Direction of future contributions
- Address/name/beneficiary
- Investment advisor
- Distribution options at retirement

**Contact your
provider**



Changes (investor styles)

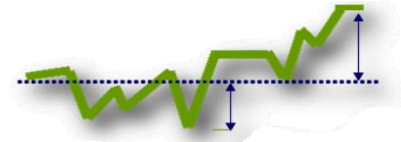
Conservative investor



Moderate investor



Aggressive investor



Risk tolerance and savings goals will likely change over time-your portfolio should too. Ask an advisor to help.



Changes (investment mix)

Your provider has no fund transfer fees or restrictions*

Sell original mix and reinvest in new mix

Original mix:

Fixed rate account	20%
S&P 500 fund	50%
Small co fund	20%
International fund	10%

New mix:

Fixed rate account	50%
Balanced fund	50%

* Short-term trading restrictions may apply

Changes (investment mix)

Your provider has no fund transfer fees or restrictions*

Leave assets invested but redirect future contributions

Your
Paycheck



Original mix:

Fixed rate account	20%
S&P 500 fund	50%
Small co fund	20%
International fund	10%

New mix:

Fixed rate account	50%
Balanced fund	50%

Changes may be made online, by phone, or with help from an advisor.

* Short-term trading restrictions may apply

Changes

RIC 457/401a plans are very *flexible*!

- Payroll deduction amount
- Investment mix
- Direction of future contributions
- Address/name/beneficiary
- Investment advisor
- **Distribution options at retirement**

**Contact your
provider**



Distributions

Sources of income in retirement



Distributions

Distribution eligibility

In order to take a distribution, a “distributable event” must occur.



- Approved unforeseeable emergency
- Eligible cash out (small accounts)
- Death
- Separation from employment

There are no vesting requirements, no product surrender fees, no annual contract fees, or restrictions.



Distributions

Unforeseeable Emergency Withdrawal

If you experience a financial hardship, you may qualify to receive an in-service distribution.

- Strict federal guidelines
- 457 assets only
- Not available for bankruptcy or divorce
- May be available for:
 - Funeral expenses (legal dependent)
 - Foreclosure of or eviction from residence
 - Loss of spouse's wages
 - Uninsured medical expenses & related lost wages



Distributions

Distribution eligibility

A “distributable event” must occur.



- Approved unforeseeable emergency
- Eligible cash out (small accounts)
- Death
- Separation from employment

Distributions

At separation from employment

You choose how much and when you want to take your money.

Options include:

- Leave assets invested*
- Take taxable distributions
 - Lump sums (total or partial)
 - Flexible periodic payments
 - Lifetime payments
- Purchase IPERS credits (pretax 457 & 401a assets)
- Roll to an IRA or employer plan
- Any combination



* IRS Required Minimum Distributions (RMD) must begin by the later of age 70½ or retirement (IRS 50% penalty on amount not taken on time).

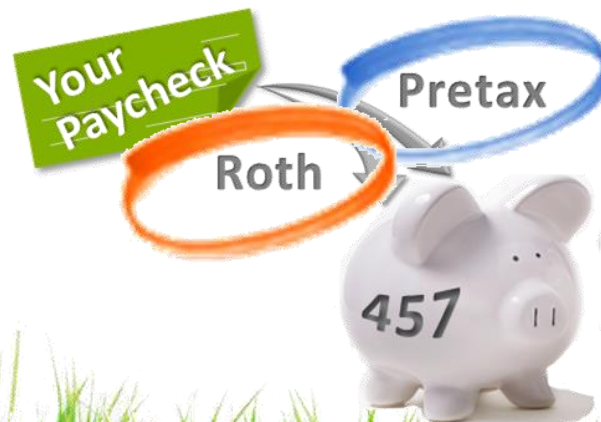
Distributions (taxes)

Taxable distributions are taxed as ordinary income and reported on IRS 1099R.



An automatic 20% federal and 5% state income tax is withheld (limited exceptions).

Tax treatment of distributions differs depending on the taxation of contributions.



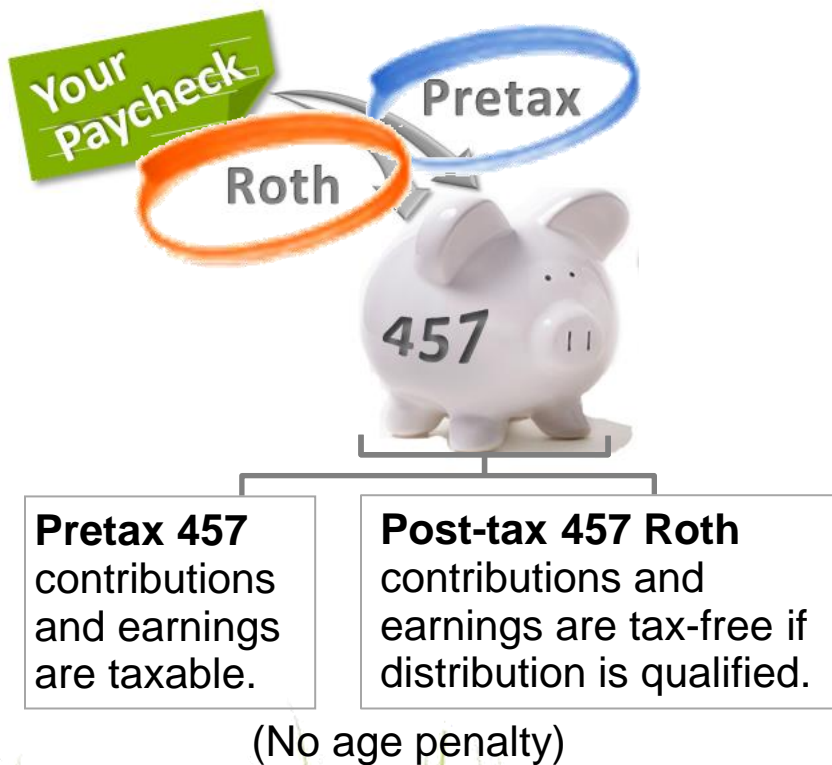
Distributions (taxes)



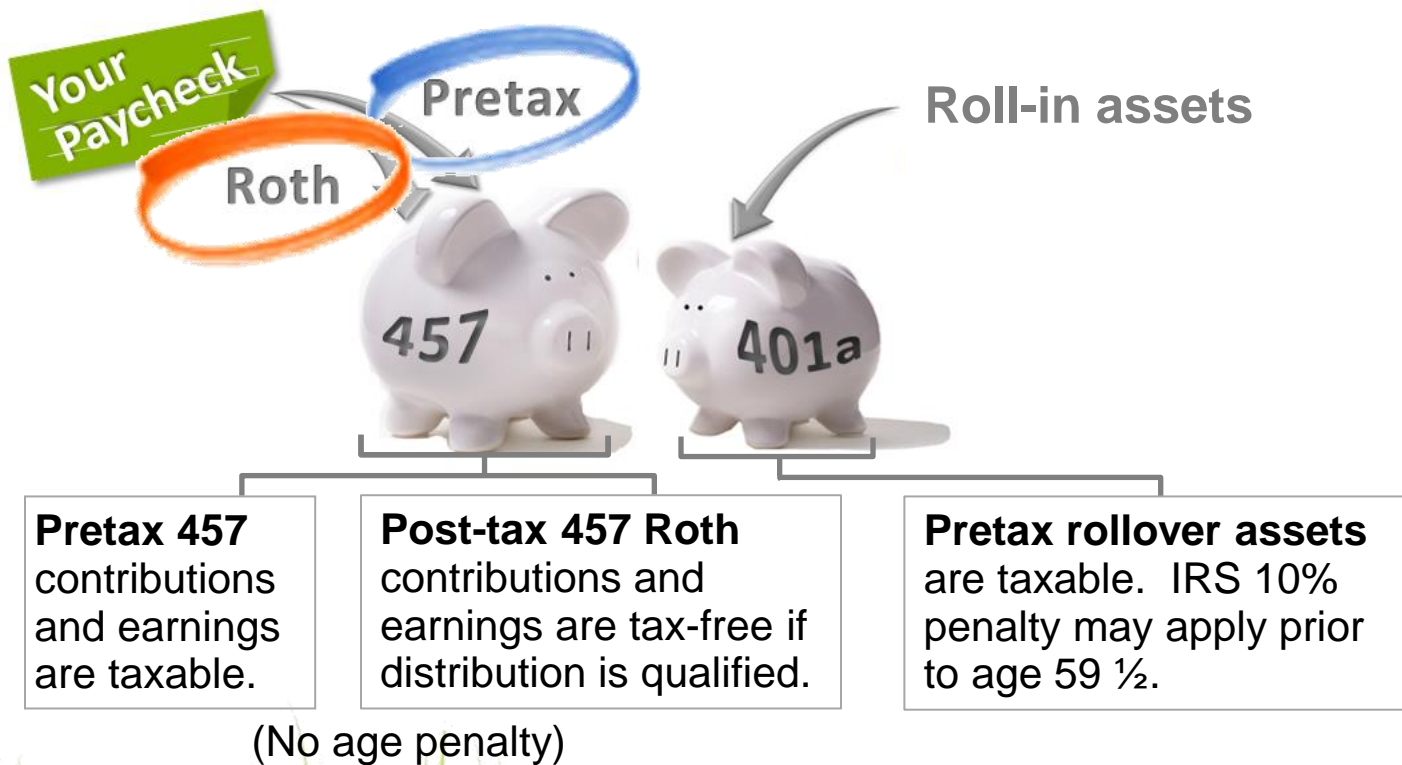
Qualified Roth Distribution:

- A distributable event has occurred (leave employment, turn age 70½, qualify for cash out);
- Roth account open for 5+ years; **and**
- You are age 59 ½+ or disabled

Non-qualified Roth distributions are subject to taxation on the earnings portion of the distributed amount.



Distributions (taxes)



RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
- Changes/Distributions
- **Enrollment**



Enrollment

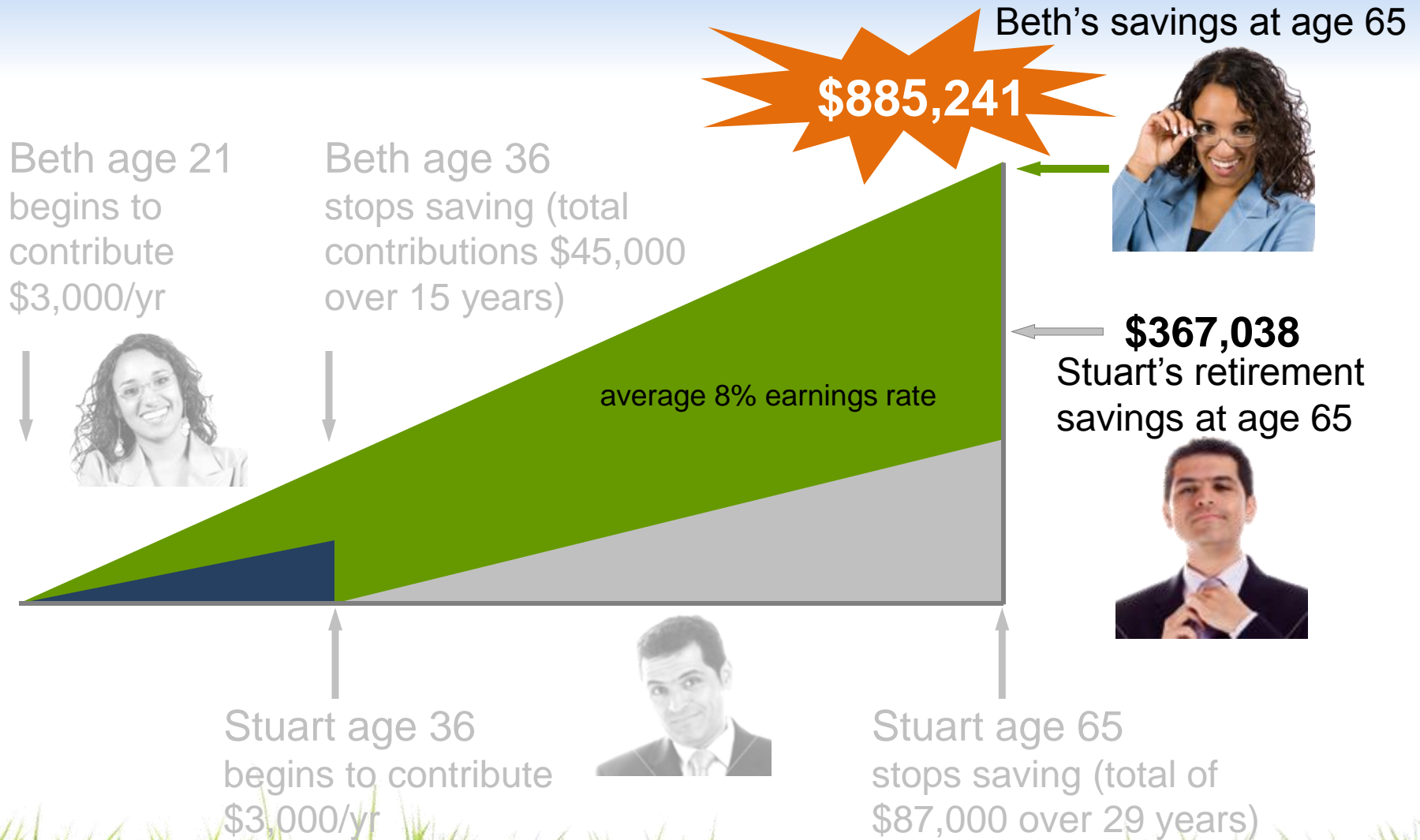


Take charge of your future

TIME IS MONEY



Enrollment - Time is money



Enrollment

Enrollment is year-round.



has everything you need to open your accounts and begin payroll deductions!



Options for enrollment:

- Meet with an investment advisor (no cost)
- Request a kit by mail



Resources

Custom webpage

Access plan details, payroll change form, and provider info at https://das.iowa.gov/RIC/PSE/plan_details.

Clear Lake Sanitary District (CLSD)

 5631 325th Street
PO Box 282
Clear Lake, IA 5014
641-357-2019 / (Fax) 641-357-7612

 Iowa Retirement Investors' Club (RIC)

Plan details specific to the Clear Lake Sanitary District (CLSD) 457/401a plans are shown below. Access additional program information from the left menu.

Enrollment is year round! Take advantage of this great employee benefit today by contacting **MassMutual at 800-528-9009** or one of their financial professionals in your area ([agent listing by city](#)) at no extra cost.

Eligibility All employees are eligible to participate.	Contributions 457 Limits: Min = \$25/mo, max = IRS annual limits Employee contributions: Pretax and post-tax Roth	Investments MassMutual offers investment options and services. View fund performance , provider website , and fixed rates . A list of fund options by investment category is available in the RIC At-A-Glance .	Payroll changes You may request a change to your existing payroll deduction amount at any time by completing your plan's RIC Account Form and forwarding it to your payroll office.
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Resources

- Review the RIC website at <https://das.iowa.gov/RIC/PSE>
- Access your account information online
- Call your provider if you have any questions about reviewing your statements
- Contact us if you need help
515-242-6846 / robbie.stoecker@iowa.gov

